United Nations A/AC.109/2001/8

General Assembly

Distr.: General
9 May 2001

Original: English

Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

British Virgin Islands

Working paper prepared by the Secretariat

Contents

		Paragraphs	Page
I.	Background information	1–9	3
	A. Geography	1–3	3
	B. History	4–7	3
	C. Population	8–9	3
II.	Constitutional, legal and political issues	10–19	4
	A. General	10	4
	B. Constitutional structure	11–13	4
	C. Legal system	14	4
	D. Political parties and elections	15	4
	E. Political issues	16–19	4
III.	Budget	20–23	5
IV.	Economy	24–56	5
	A. General	24–29	5
	B. Economic sector	30–37	6
	C. Finance	38–48	7
	D. Transport and communications	49–52	9
	E. Water system, sanitation system and utilities	53–56	10

01-36535 (E) 110601

V.	Social conditions	57–78	11
	A. General	57	11
	B. Labour	58–61	11
	C. Education	62–64	11
	D. Public health	65–69	12
	E. Immigration	70–72	12
	F. Human rights and related issues	73–77	13
	G. Crime	78	13
VI.	Environment	79-81	14
VII.	Relations with international organizations/arrangements	82–83	14
	A. United Nations system	82	14
	B. Regional	83	14
VIII.	Future status of the Territory	84–88	14
	A. Position of the territorial Government	84–85	14
	B. Position of the administering Power	86–87	15
	C. Consideration by the General Assembly	88	15

I. Background information

A. Geography

1. The Territory of the British Virgin Islands[1] comprises a group of 50 islands, cays and rocks, of which 20 are inhabited. The capital city, Road Town, is located on the largest island, Tortola (21.5 square miles), on which some 80 per cent of the population live. The other major islands are Virgin Gorda (8.5 square miles), Anegada (15.2 square miles) and Jost Van Dyke (3.2 square miles); the rest constitute the remaining 10.9 square miles, to make a total land area of 59.3 square miles.

2. The islands are located about 60 miles east of Puerto Rico and 15 miles from the United States Virgin Islands. They straddle latitude 18 degrees, 25 minutes north and longitude 64 degrees, 30 minutes west, and form an archipelago with the United States Virgin Islands, with which they maintain close links. All the islands are volcanic and hilly, with the exception of Anegada, which is flat. The highest point, Sage Mountain on Tortola, rises 17,890 feet.

3. The islands lie within the trade wind belt and have a pleasant and healthy subtropical climate. They are subject to occasional hurricanes between August and October and suffer from light earthquakes.

B. History

4. The earliest inhabitants of the British Virgin Islands were the Arawaks and the Caribs. The islands were sighted in 1492 by Christopher Columbus and were allegedly named "Islands of the Virgins" by him in honour of St. Ursula and her attendants. The Dutch established the first permanent European community on the islands in 1648, although the islands were then little more than a hideout for buccaneers and pirates.

5. In 1666, British planters took control of the islands and the Territory attained the status of a British colony. The planters were granted civil government, constitutional courts, an elected House of Assembly (12 members) and a partly nominated Legislative Council, which first met in 1772.

6. The production and sale of sugar, initially secondary to cotton, became the dominant source of revenue, necessitating the large-scale importation of enslaved African men and women to work on the estates. Their descendants became the dominant racial group in the territory and have remained so ever since. The sugar industry declined and collapsed eventually owing to a combination of factors, including activism by abolitionists, natural disasters and high taxes. The British planters abandoned the islands and the newly emancipated Africans, supported by the Encumbered Estates Act, were able to purchase most of the remaining estates and form an industrious peasant economy.

7. In 1872, the islands became part of the Federation of the Leeward Islands. In the 1930s and 1940s, British Virgin Islanders demanded greater self-governance, which led to the Territory becoming a separately administered colony in 1956. A decade later, a new Constitution was formulated with local input. This allowed for a ministerial system of Government, headed by a Chief Minister. The Constitution was amended in 1976 to give more extensive powers to the local Government.

C. Population

8. In July 2000, the population of the British Virgin Islands was estimated to be 19,615. Approximately 90 per cent of British Virgin Islanders are of African descent, the remainder being of European or other origin. The population is predominantly Christian, with 86 per cent professing a Protestant creed and 6 per cent Roman Catholicism.

9. The population growth rate in 1999 was 1.94 per cent, continuing a steep decline since the beginning of the decade, when it was 3.9 per cent. Immigration continues to be an important source of population growth; estimated net migration for 1999 was 161 people. As a result of historically high immigration rates (as well as significant migration of British Virgin Islanders to the neighbouring United States Virgin Islands) there are more "non-nationals" than "nationals" on the island (10,130 and 9,734, respectively).

II. Constitutional, legal and political issues

A. General

10. The British Virgin Islands is a British Overseas Territory (formerly known as a dependent Territory). Under the 1976 Constitution, the administering Power appoints as its representative a Governor with responsibilities for defence, internal security, external affairs, public service and the administration of the courts; the Governor retains legislative powers as necessary to exercise special responsibilities.

B. Constitutional structure

11. The Executive Council advises the Governor on all his executive powers. It is made up of the Chief Minister and not less than two or more than three Ministers appointed by the Governor on the advice of the Chief Minister. The Governor is not a member of the Council but presides over its meetings and must consult with it in the exercise of his duties. The Attorney-General is an ex officio member.

12. The Legislative Council consists of a Speaker, the Attorney-General as an ex officio member and 13 elected members. The members of the Legislative Council are elected by direct popular vote; one each from the nine electoral districts and, beginning in 1995, four at-large members. The Legislative Council is the legislative body, approves and adopts the budget and considers government policies, administration and other major issues. All legislation adopted must be approved by the Governor to become law.

13. In March 1999, the Government of the United Kingdom of Great Britain and Northern Ireland issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). Since then the dependent Territories have been known as British Overseas Territories.

C. Legal system

14. The law of the British Virgin Islands is the common law of England and locally enacted legislation. It is administered by the Magistrates Court and the Eastern Caribbean Supreme Court (Court of Appeal), which is based in Saint Lucia.[2] Two Resident High Court Judges and a visiting Court of Appeal, comprising the Chief Justice and two Judges of Appeal, sit twice a year in the British Virgin Islands. In addition to the Magistrates Court, there is a Juvenile Court and a Court of Summary Jurisdiction. The United Kingdom Privy Council is the final court of appeal in prescribed cases.

D. Political parties and elections

15. General elections must be held at least once every four years. Candidates are elected based on a simple majority. Persons voting must be 18 years of age or over and have "belonger status" (see para. 71 below). The last election was held in 1999.

E. Political issues

16. Efforts to implement provisions set out in the White Paper on the Overseas Territories (see para. 13) continued to affect local politics during the review period. The White Paper, inter alia, required British Overseas Territories to amend their legislation on human rights and on the regulation of financial services. In July 1999, the Government of the United Kingdom appointed the former Governor of Anguilla, Alan Hoole, to review the Constitution of the British Virgin Islands. In September, Mr. Hoole proposed several changes to the Constitution, including the introduction of more frequent meetings of the Legislative Council, the removal of the Governor's power to veto legislation, the requirement that the Governor consult with the Executive Council prior to implementing policy in his areas of special responsibility (foreign affairs, civil service and defence), and the obligation of members of the Legislative Council and senior civil service members to declare their financial interests.[3]

17. In June 2000, some amendments to the Constitution were made. These included the establishment of a Complaints Commissioner (a sort of ombudsman)[4] and the addition of a fifth ministry to the

Government, essentially splitting the Ministry for Health, Education and Welfare into the Ministry for Health and Welfare and the Ministry for Education.[5]

18. Among the questions looked at by the Human Rights Reporting Committee, which was set up in November 1999 to study the Territory's compliance with international human rights obligations (see paras. 73 and 74 below), was that of self-determination. According to press reports, a four-person subcommittee was charged with examining the compliance of the British Virgin Islands with the right to self-determination as stated in the International Convention of Civil and Political Rights.[6] A report of these and other findings was released in November 2000 but was not made public.[7]

19. In 1999, the Government of the British Virgin Islands began a programme to improve its public service. The Chief Minister announced that greater decentralization and delegation for the management of human resources would be extended to ministries and departments in an effort to ease the chronic shortage of workers. The programme also calls for the creation of service charters for each ministry and its respective departments. The charters will lay out the role of the respective ministry or department, indicate the level of service expected and recommend appropriate remedies if the indicated level is not met.

III. Budget

20. In November 2000, the Government presented its appropriations bill for 2001 to the Legislative Council. The Government noted expected revenues in 2000 of US$ 175 million, representing an increase of approximately $18 million over 1999, or 11 per cent. In fact, by the end of the year revenues actually totalled $184 million, mostly based on a better-than-expected receipts from the financial services sector.[8]

21. In 2001, the Government estimated it would collect $185.6 million in revenues. It budgeted recurrent expenditures at $145.3 million, which would yield an expected budget surplus of $40.3 million. Of this surplus, $35.8 million was allocated to the Capital Fund, $1 million to the disaster relief fund and $3.4 million to the reserves.

22. In addition to its recurrent spending, the Government made provision for funding of capital projects in 2001. The total budget for capital projects is $109.4 million, of which $35.8 is provided by the expected surplus, $2.5 million by the Transportation Network Improvement Fund and $71 million by loan funds. The British Virgin Islands currently uses 70 per cent of its international borrowing capacity.

23. The public debt (that of the central Government), for the period ending 31 December 2000 was estimated to be $37.9 million, and the national debt (the public debt plus contingent liabilities) was estimated to be $84.6 million. The national debt rose by 12 per cent over the corresponding figure in 1999; contingent liabilities currently total $46.6 million. The public debt-to-revenue ratio is 13 per cent and the public debt-to-gross domestic product ratio is 5 per cent. Public debt repayments amount to 3 per cent of revenue. The Chief Minister said that the increase in debt, both national and public, was a result of much needed improvements to the Territory's infrastructure in order to bring it up to date with the rapid economic growth the Territory had witnessed.

IV. Economy

A. General

24. The economy remains based on tourism and the provision of financial services. A rich vegetation, unspoilt beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination and the financial services sector has been growing rapidly in recent years.

25. The territorial Government has enacted policies to diversify and strengthen each sector and to enhance the links between them. The Territory graduated from capital aid at the end of the 1995/96 financial year. Since then it has been receiving assistance under a declining, modest bilateral technical cooperation programme, and will continue to benefit from the United Kingdom's Caribbean Overseas Territories regional development programme. It also continues to receive development aid assistance from the European Union under the Lomé Convention.

26. The Government has developed a national integrated development plan in collaboration with various agencies of the United Nations. It is designed to expand the economic base of the Territory, improve living standards and distribute gains more equitably through a framework of consultation that will

determine consensual policies. Some of the broad objectives include expansion of the national output within the framework of sustainable development. The territorial Government is determined to try to lessen dependence for revenue on the financial sector by focusing on the diversification of the economy.

27. The two sectors of tourism and offshore financial services together account for more than 70 per cent of the Government's annual recurrent revenue. During the 1980s, the Territory experienced rapid economic growth, which averaged double digits until the early 1990s, when the rate levelled off to an average of 8.2 per cent.

28. The economy continued its trend of healthy expansion in 2000, albeit at lower rates than it has traditionally exhibited. According to the Chief Minister in his budget statement, economic performance in 2000 exceeded expectations, a result, he claimed, of economic diversification and exploitation of niche markets within the financial services and tourism industries. The gross domestic product (GDP) for 2000 was $682.8 million, a growth of $28.8 million, or 4.4 per cent over 1999. Inflation in 1999 was 2.3 per cent, and in 2000 it was expected to be around 3.4 per cent. By November 2000, however, the annual inflation rate was only 2.9 per cent, suggesting that the year might end with lower-than-forecast inflation.[9]

29. The Territory's principal trading partners are the United States of America, Trinidad and Tobago, Antigua and Barbuda and the United Kingdom. The Territory's trade balance continued to be positive. Figures for the fourth quarter of 1999 (released in October 2000) showed that the trade surplus was $38.2 million, up 9.2 per cent from the previous quarter, and 87.3 per cent from the same quarter the previous year. Imports outpaced the growth of exports, rising by 21.8 per cent to around $99 million, but still remained under 1998 levels. Services constituted 50.7 per cent of all imports, in contrast to previous years when they constituted on average of around 40 per cent of imports. The rise in services as a share of imports is most likely a result of several large-scale projects, such as the new airport on Beef Island, that require specialized expertise from abroad. The growth in exports signal the general strength of the British Virgin Islands economy, as both tourism and financial services are counted as exports. Exports in the fourth quarter of 1999, at $137.3 million, were 11.1 per cent higher than those in the same period for 1998 (the beginning of the fourth quarter coincides with the beginning of the high season for tourists). Tourism and financial services accounted for 99.6 per cent of exports. The worth of goods exported was only $596,000, consisting primarily of fish products, rum and gravel. Although representing a 22 per cent increase from the year before, goods were a negligible share of total exports, demonstrating the reliability and perhaps the vulnerability of the British Virgin Islands economy on its twin pillars of tourism and financial services.[10]

B. Economic sector

1. Agriculture and fisheries

30. In 1988, the Government of the British Virgin Islands took a policy decision to programme the development of agriculture. The goal was to produce as much as possible of what was consumed on the island. The main crops produced in the Territory are fruits and vegetables. There is also an active fishing sector and some raising of livestock. At the same time, there are serious obstacles to developing the agriculture sector, among them a shortage of labour, water and marketing facilities.

31. The Government of the British Virgin Islands has recently begun looking at ways in which technology can help to overcome these obstacles. In July 2000, the University of Maryland, in the United States, committed to helping the Territory introduce more advanced agricultural technologies, in particular for improving its management of pastures and the production of pork and dairy products. Representatives of the Department of Agriculture also met with United States Department of Interior experts to discuss options such as desalination of seawater for agricultural purposes.[11]

32. In his 2001 budget statement, the Chief Minister reiterated the national goal of promoting greater self-sufficiency in naturally supplied foods. He said that to that end the Ministry of Natural Resources and Labour had built new roads to improve farmers' access to markets. In 2001 a modern slaughterhouse would be built according to United States Department of Agriculture standards, improving the quality of meat-products and allowing the Territory to gain access to United States markets. With regard to the fishing industry, the Chief Minister said that his Government would actively pursue the construction of proper

docking facilities for fishing vessels. The Ministry of Natural Resources will also engage a consultant to assist in the formulation of a programme for pelagic (ocean) fishing.

2. Manufacturing/industry

33. The construction industry, as measured by imports of construction materials (cement, nails, paints, polyvinyl chloride (PVC) pipe, lumber, and steel), appeared to be peaking in 2000. Figures for the first quarter of 2000 indicated a 13.2 per cent decrease in the total value of imported building materials from the same period in 1999. This decline during the construction industry's high season reverses a 3.7 per cent increase that had occurred between the first quarter of 1998 and the first quarter of 1999. The Government is the single most important importer of construction materials, and the decline is influenced by the fact that the procurement phases of some large government projects are being completed. The Chief Minister noted that the Government had supported the construction industry for years, but that plans must be put in place for the private sector to intervene and ensure a stable future for the industry.[12]

34. Local industry, including mining, manufacturing and construction, amounts to only 10 per cent of the GDP. The mining industry consists of the extraction of materials for the construction industry and some salt. Manufacturing is light; there is one rum distillery, two ice-making factories, a small boat-maker and a few cottage industries.[3]

3. Tourism

35. A rich vegetation, unspoilt beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination, and tourism continues to be the most important economic sector for the British Virgin Islands. Unlike the international financial services (see paras. 41-48 below), which generate significant financial revenue for the Territory but little else, tourism is an important source of employment as well as revenue. Furthermore, a host of other sectors, such as the construction and retail sales sectors, depend on or are strongly affected by the performance of the tourism sector.

36. The first quarter of 2000 showed a substantial increase in tourism in the British Virgin Islands. Overnight arrivals were 103,429, compared with 86,380 in the first quarter of 1999; the number of tourist nights was 734,346, compared with 613,298; tourist receipts were $104.8 million, compared with $87.2 million, and cruise ship visitors were 96,788, compared with 71,261. Figures for the second quarter of 2000 revealed further increases in all categories. Total receipts were $83.9 million, a 40.5 per cent increase over the second quarter of 1999. Overnight visitors were 102,866, 38.6 per cent more than the same period in 1999. Total tourist nights were 720,349, 36.7 per cent more than 1999. The largest increase, however, was in cruise ship visitors, which were 57,560, a 163.6 per cent increase over the second quarter in 1999.[13]

37. The Chief Minister noted in his budget statement that the Territory was reaping the benefits of nearly a decade of marketing that targeted upscale clientele. He noted, however, that the Territory lacked the brand name hotels that appeal to North American travellers, and that special attractions were limited. Given the high level of competition in the sector, he indicated that the Tourism Board's priorities would be to increase the number of visitors during the off-peak summer season through a programme of aesthetic enhancement, in particular in the capital of Road Town; to promote the less-visited sister islands; and to continue a programme of overall territorial infrastructure development. To promote those ends, he proposed increasing the Tourist Board's budget by $1.9 million, to $7.9 million. The Board was budgeted to spend about $2.5 million in advertising, $1.8 of which would be targeted at the United States market, where 60 per cent of all visitors to the Territory are from. The Board would launch advertising campaigns in Germany and the United Kingdom for the first time in 2001.[14] Some analysts feared, however, that the rise in visitors presaged a move away from the niche market of upscale tourists described by the Chief Minister, and a move towards the sort of mass tourism the Territory had so far avoided with its potentially harmful environmental and social costs.[12]

C. Finance

1. Local financial services

38. According to the Chief Minister in his budget statement, total bank deposits at the end of the third quarter of 2000 stood at $2.6 billion, with local deposits accounting for $1 billion, or 38 per cent. Total

loans and advances for the same period were $593.1 million, with the domestic market accounting for $520.1 million (87 per cent). According to the Development Planning Unit of the Government of the British Virgin Islands, fourth quarter total deposits in 1999 were just over $1 billion, suggesting a major infusion of cash into the banking system during 2000. Since the Government only began in 2000 to require statistics tracking loans and deposits according to their domestic or foreign origin, it is too soon to discern any emerging trends. The first quarter 2000 preliminary figures showed that 57 per cent of deposits and 95 per cent of loans were domestic. Savings represented 20.8 per cent of all deposits in the first quarter of 2000, compared with 22.8 per cent and 18.5 per cent in the same quarter of 1998 and 1999, respectively.

39. At the same time, lending trailed deposits; total outstanding loans were $497 million in the fourth quarter of 1999, an increase of only $7 million over the previous quarter. This 1.6 per cent increase is a steep reduction from the 17.7 per cent growth in loans between the third and fourth quarters of 1998.[15]

40. The Chief Minister in his budget statement also mentioned the increasing number of investment advisers who were encouraging British Virgin Islanders to remove local deposits and invest them abroad. His concern was that such activity was unregulated, and if Virgin Islanders lost their money through such schemes they would have no recourse to recover it. The Chief Minister therefore said that he would put a bill for an investment intermediaries act before the House sometime in 2001.

2. International finance

41. As has been described in the previous working paper (see A/AC.109/2000/18), the provision of international financial services is one of the two pillars (along with tourism) of the British Virgin Islands economy. Fees from these services alone bring in half of total government revenue and about 40 per cent of all inflows on the current account of the balance of payments. The British Virgin Islands was one of the first Territories to adopt legislation (in the mid-1980s) allowing registration of international business companies and continues to claim about 45 per cent of the world's market. International business companies are flexible corporate vehicles which can be used for international asset protection, collective investment funds, shipping companies and intellectual property. The sector is regulated by the 59-person Financial Services Department of the Ministry of Finance. The British Virgin Islands does not tax these assets, ensures their privacy and has a well-educated population that enhances the quality of services and regulation provided. All of these factors enhance its attractiveness as an off-shore financial center. In early 2000, there were 350,000 international business companies registered on the island, a substantial increase compared with the previous year. The first quarter of 2000 saw 431 new companies incorporated, compared with 290 in the last quarter of 1999 and 331 in the first quarter of 1999.

42. In addition, the Territory saw a large increase in the number of captive insurance companies (captive insurance is a form of self-insurance in which a corporation organizes an insurance subsidiary to insure itself or its members, avoiding the uncertainties of commercial insurance availability and cost); 56 new captive companies were licensed in 1999, making a total of 190 captive insurance companies.[16]

43. A further financial service that has seen a recent expansion in the British Virgin Islands is the registration of mutual funds, which has grown substantially since the adoption of the Mutual Funds Act in 1996. Currently, more than 1,600 mutual funds are registered or recognized in the Territory. The sector's growth is expected to be enhanced by the approval of the British Virgin Islands as a recognized jurisdiction by the Bermuda Stock Exchange. This makes the Territory the first Caribbean jurisdiction to be so recognized by the internationally recognized exchange.[17]

44. The confidentiality and tax-free qualities of the British Virgin Islands' financial sector have, however, drawn the scrutiny of the Organization for Economic Cooperation and Development (OECD), in particular, which has claimed that these so-called "tax havens" must be further regulated in order to prevent their potential abuse by money-launderers. In a report released in June 2000, OECD listed the British Virgin Islands as one of 35 jurisdictions classified as a tax haven, whose tax regimes were considered to be potentially harmful to the rest of the world. The OECD hopes to work with these jurisdictions to eliminate the "harmful features" of their regimes prior to July 2001, after which sanctions might be imposed. Analysts suggest that British Overseas Territories, such as the British Virgin Islands, should expect pressure from the

British Government to comply, as that Government has been at the vanguard of OECD and other measures against tax havens.[18]

45. Reaction to the OECD report on tax havens generated further controversy. The jurisdictions identified as tax havens protested for three main reasons: (a) that the OECD approach was unilateral and inflexible; (b) that it was inconsistent insofar as it did not adequately scrutinize the practices of its own members (such as Switzerland and Luxembourg, which were far more important tax havens); and, (c) that many of the colonial or ex-colonial jurisdictions on the list had been encouraged by the same Powers now condemning them to develop their economies based on off-shore finance services.[19] The Commonwealth Secretariat helped to mediate the dispute, arriving in January 2001 at an agreement with OECD to create a working group that would make the process for dealing with the tax haven problem more multilateral.[20] The Director of the British Virgin Islands Financial Services Department was appointed to this group. Further talks were held in March 2001, in which new ideas were said to have been put on the negotiating agenda in a climate of "improved understanding and progress". OECD said afterwards that it had not changed its fundamental position regarding the need for reforms by July 2001.[21]

46. At the same time, the Financial Action Task Force, established by the Group of Seven most industrialized countries, released a report on money laundering havens. According to this report, the British Virgin Islands was cited for its "weak efforts" in the fight against money-laundering, but was not included on the "blacklist" of countries that had not cooperated with the international effort to end money-laundering. The Director of Financial Services in the British Virgin Islands said that the report was in line with his expectations, and noted that recent measures had been implemented to heighten the regulatory vigilance of the international financial sector.[22]

47. A further report was issued in October 2000 by the consulting firm KPMG. This was an independent evaluation commissioned in December 1999 by the United Kingdom Government and its Overseas Territories to provide recommendations as to how the Territories might develop accepted norms of regulation in its financial services sector. The KPMG report considered the British Virgin Islands' financial sector to be well-run, but called for more inspections and greater enforcement powers for regulators. The Chief Minister said that the remaining recommendations would be implemented with legislation presented to the Legislative Council around March 2001.[23] The enactment in 2000 of the Anti-Money Laundering Code of Practice and the Financial Services (International Cooperation) Act fulfilled two of the three major recommendations of the report.[9]

48. The British Virgin Islands Government is attempting to diversify the bases of its economy. In this regard, in March 2001 a report on the possibilities of e-commerce prepared by a 14-member committee was submitted to the Government. Legislation setting up a framework for e-commerce is already under consideration and a trade licence for an e-commerce company has already been issued. The report contains several other recommendations that the Chief Minister promised to review and act upon quickly.[24]

D. Transport and communications

1. Roadways

49. The British Virgin Islands has about 160 kilometres of motorable roads. In the first quarter of 2000 the total number of motor vehicles licensed to operate in the Territory was 2,295, of which 1,489 were private cars and 263 were transport vehicles. This represented a decline of 1.2 per cent compared with the first quarter of 1999, including a 10.3 per cent decline in private cars, while transport vehicles rose by 20.1 per cent and other vehicles rose by 21.2 per cent. During 2000 the Government continued its maintenance of the road network, including resurfacing and in some cases widening them. In accordance with its road safety policy, the Government also continued to build protective barriers on Jost Van Dyke, Virgin Gorda and Tortola. Construction also began on a new bridge to Beef Island, where the airport is being expanded. This latter project has been plagued by problems, however, and in February 2001, construction on the bridge was halted for a month as the contractor claimed it was owed money by the Government. The project is nonetheless expected to be completed in May 2001.

2. Airports

50. As reported in the previous working paper (A/AC.109/2000/18, para. 25), the Government of the

British Virgin Islands undertook to renovate and expand its international airport at Beef Island, the largest project ever undertaken by the Government at a cost of around $53 million. The estimated cost of completing the project rose to $56 million in 2001.[25] Construction began in January 2000. According to current projections, the new access road should be completed in March 2001, the new terminal in October, the extension of the runway by December, and the control tower and operations block by mid-2002.[26]

3. Communications

51. The British company Cable and Wireless provides basic telephone services in the British Virgin Islands and has been operating as a monopoly there since 1966 (though CCT Boatphone has a licence to sell cellular phones). The company employs 129 people in the Territory.

52. Recently, negotiations began between Cable and Wireless and the Organization of Eastern Caribbean States (OECS), which does not include the British Virgin Islands, to liberalize the telecommunications market. At the same time, and with some assistance from OECS,[13] the British Virgin Islands are simultaneously renegotiating their contract with Cable and Wireless, which expires in 2007. In 2000, the Government took the decision not to renew Cable and Wireless' exclusive licence and to negotiate a competitive market.[27] According to press reports, Cable and Wireless has been upgrading its network and provides the Territory with one of the most technologically advanced systems. The British Virgin Islands will also host one of two Caribbean-wide "gateway switches" to support Cable and Wireless' new regional network. A network monitoring centre and a data centre will also be located in the Territory.[28]

E. Water system, sanitation system and utilities

1. Water

53. Water supply in the British Virgin Islands is constrained by the twin problems of insufficient production of fresh water and inadequate storage capacity. According to the Minister of Communications and Works, the Territory produces 1.3 million gallons of fresh water daily, mostly in desalination plants, but can only store a two-day supply of water. Recently, shortages have been exacerbated by decreased rainfall and power outages that reduced production. According to the Chief Minister, the recent replacement of cast iron pipelines in some areas of Tortola is expected to reduce leaks and to increase the quality and pressure of the water. The Ministry of Communications and Works has also called upon Islanders to conserve their use of water.[29]

2. Sanitation

54. The Territory has been experiencing problems with both sewerage and solid waste management. The Chief Minister in his budget statement in November 2000 noted that although he had included provisions for a feasibility study towards the installation of a sewerage system, the project had not been implemented. He said, however, that the terms of reference had been prepared and he expected tendering for the consultancy to begin before the end of 2000. According to press reports, the Minister for Health declared her concerns about the sewerage situation in certain parts of the Territory. In April 2001, the Minister for Communications and Works also commented on the urgency of sewerage problems, and said he had entered into discussions with the Louis Berger Group, an environmental engineering company based in Washington, D.C., in order to save time.[25]

55. With regard to solid waste, growing amounts of garbage are beginning to overwhelm the system. In 1999, the Territory generated 25,698 tons of waste, an increase of 10.7 per cent on the previous year. Most of this is sent to the Pockwood Pond incinerator on Tortola, which has a capacity of only 40 tons. The Solid Waste Department has called for both a major overhaul of the incinerator and new landfill sites. The preliminary reports for 2000 indicate there might have been a reduction in the amount of solid waste generated.[8]

3. Electricity

56. The Territory has an electricity production capacity of 42 million kilowatt hours and a consumption of 39 million kilowatt hours; production is entirely by fossil-fuelled generators. The rapid economic growth of the British Virgin Islands has strained its electricity grid and requires additional capacity. The Government undertook a major expansion of its physical plant to cope with current and future needs. According to the Chief Minister, the

problem of frequent power outages experienced in early 2000 was largely resolved. The press reported in April 2001 that installation of the three new 6-megawatt generators at the Pockwood Pond facility had been delayed by problems in the procurement and installation of pipes for the seawater cooling units. Tests on the new system, being installed by Rolls Royce, were expected to continue into June.

V. Social conditions

A. General

57. Public assistance is provided for those who need it through the Social Security Board and the Social Development Department. The Social Security Board is a statutory body which provides for sickness benefits, maternity benefits, employment injuries, funeral grants and long-term benefits. It ensures timely payments to claimants. According to press reports, 12 per cent fewer people (1,160) registered with the Board in 1999 than in 1998. At the same time, benefit payments have increased by nearly 25 per cent and the Board's financial reserves grew by $17.8 million to $136.8 million. Benefits paid in 1999 were more than $2.9 million, including $1 million for short-term claims, $144,000 for employment injuries and $1.7 million for long-term claims (such as pensions and disablement payments).[8]

B. Labour

1. General

58. The British Virgin Islands has had a steady unemployment rate of about 3 per cent for the past years. The expansion of its economy in the 1980s required many workers to be drawn from outside of the Territory and there is generally a shortage of labour. The labour force is engaged primarily in tourism (26 per cent), Government (20 per cent) and construction (18 per cent). The total labour force numbers around 10,000.

59. The average annual salary per worker was $13,136 in 1997, the latest for which official government statistics are available. Based on GDP growth and inflation rates, the average wage in 1999 was estimated to be $14,796. According to press reports, however, wages represent a shrinking percentage of the GDP. In 1993, wages represented 51.5 per cent of the GDP, but by 1999 that figure had dropped to 43 per cent (in the United States wages represent between 80 and 90 per cent of the GDP). The large gap between per capita GDP (around $35,000) and the average wage suggests that a significant proportion of the money derived from the financial services sector is moved out of the Territory, providing few benefits to workers (though providing, through fees, more than half of total government revenues).[7]

2. Public service

60. The Government is the Territory's largest single employer, and public sector employment has risen in recent years owing to a number of new initiatives that have been launched. The Government in early 2001 announced the formation of a human resources department to replace the personnel department. The new department will be responsible for recruitment of personnel, management of employee benefits and maintaining high standards through the management of an evaluation process.

61. In 1999, there were 2,470 government employees (nearly 25 per cent of the workforce), of which 1,763 were in established positions for which they received full benefits such as pension and insurance coverage. There was a net increase of 105 established positions over 1998. Salaries and allowances rose by 6.4 per cent in the same period, to a total of $37.7 million. The average salary for established workers was $19,866, 30 per cent more than the estimated average salary for the Territory.[10]

C. Education

62. Education is free and compulsory in the Territory between the ages of 5 and 11 years; secondary education is also free. There are 18 public and 11 private primary schools on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college at Road Town. Secondary education is available to the General Certificate of Education "A" Level. Higher education is provided by the University of the West Indies, while the H. Lavity Stoutt Community College offers associate degree courses and technical education.

63. The Ministry of Education has been focusing on developing a comprehensive plan for education,

including a national curriculum that takes into account global changes in the world, including the importance of technology. The Ministry was given a funding increase of 10 per cent for educational scholarships for British Virgin Islanders.

64. The Minister for Education noted a 20 per cent failure rate in the Territory's high schools, and said it was a matter of concern. In 2000, 220 students failed to graduate to the next level, a 76 per cent increase on the 1999 total of 125, and more than the 180 and 174 failures in 1998 and 1997.[27]

D. Public health

65. The territorial Government is the major provider and financier of health services. Health services are financed mainly from the Consolidated Fund. The British Virgin Islands' health spending per capita at $381 is one of the lowest in the world. Community health programmes continue to make progress in the promotion of health and longevity. Immunization for pre-schoolers and school-leavers is actively pursued, and emphasis is placed on school and domiciliary services. Health services focus largely on preventive and promotive health.

66. Primary health care in the Territory is provided by one hospital (Peebles Hospital), one health centre in Road Town and a network of eight district clinics, as well as two satellite clinics in Brewers Bay and Sea Cow Bay. Private health care is provided by one private hospital, two private dental surgeries, two private medical complexes and nine private physicians.

67. In November 2000, the Legislative Council approved borrowing of approximately $45 million to build and supply a new hospital. The United Kingdom consulting firm of Hornagold and Hills was contracted to write a strategy for improving local health care and to help design the new hospital.[31] The Hornagold and Hills study, released by the Government in May 2000, concluded that public and private health care providers in the Territory fell short of what was needed, and that the existing hospital was in poor physical condition, short of beds and offered a poor standard of care.[32]

68. There have been a total of 23 cases of AIDS reported to the British Virgin Islands Health Department since 1985, of which 19 have died. According to the Director of the Health Department, there are probably more cases than those reported but the exact number cannot be determined owing to a lack of information-sharing with private and overseas medical practices. The United Kingdom Department for International Development offers technical support for the development of national plans, laboratory equipment assurance programmes and publicity materials to prevent and control HIV/AIDS.

69. The risk of a dengue fever epidemic is on the rise in the Caribbean, according to experts at the Pan American Health Organization and the Centers for Disease Control in Puerto Rico. Several cases have been identified in the British Virgin Islands. There is no vaccine against the disease, which is carried by mosquitoes. Health officials have been urging the Territory's residents to take preventive measures, and in particular to protect themselves from mosquitoes to avoid the disease.[33]

E. Immigration

70. In accordance with its intentions announced in the White Paper on the Overseas Territories, the United Kingdom Government offered British citizenship, along with the right of abode, to qualified residents of the Overseas Territories. Originally, the administering Power had suggested that that citizenship and the right of abode should be reciprocal between the Overseas Territories and the United Kingdom, but ultimately agreed to drop reciprocity, acknowledging that the size of the Territories and their populations would not allow the influx of possibly large numbers of outsiders. People who take advantage of the new status will gain the right to travel freely throughout the European Union.[34]

71. During the review period, the British Virgin Islands also altered the terms of its "belonger status". This status does not confer the right to a passport, but is a local immigration status that confers such rights as the right to vote, to hold elected office, to own property without needing a licence, to reside in the Territory without immigration restrictions and to work without requiring a permit. The amendments affected in particular the transmission of belonger status across generations. Children born outside the Territory of a parent who is a belonger by birth may receive belonger status, as is the case for children born in the British Virgin Islands of parents who, although not belongers, are considered to be settled in the Territory. The amendments also created a new category of belonger

by registration. This applies to people born of belonger parents outside the Territory who may become belongers if their birth is registered within a limited period of time. This provision was particularly important to the British Virgin Islanders now residing in the United States Virgin Islands. Finally, a provision that automatically conferred belonger status on a woman who married a male belonger, but not vice-versa, was revoked. The provision was deemed to be discriminatory, and also presented opportunities for abuse, as "marriages of convenience" were arranged allowing non-belonger women to attain belonger status in exchange for financial reward.[7]

72. A controversial law prohibiting the free entry into the British Virgin Islands of Rastafarians and "hippies" remains on the books. The law was enacted in 1980 and has attracted criticism from human rights groups. A motion was adopted by the legislature in October 1999 calling upon the Government to review the law. Press reports indicate, however, that it is unlikely to change in the near future.[35]

F. Human rights and related issues

73. As a British Overseas Territory, the British Virgin Islands is subject to the human rights conventions signed by the Government of the United Kingdom and extended to the Territory (see A/AC.109/2000/18, para. 46, for a full listing). In November 1999, the territorial Government established a committee, the Human Rights Reporting Committee, to study its compliance with United Nations human rights treaties.

74. In February 2001, the Human Rights Reporting Committee issued a comprehensive report on its findings. According to press reports (the report itself was not made public), specific weaknesses were found in the treatment of illegitimate children, the rehabilitation of convicts and in immigration policy. The report also highlighted the need for more public awareness about the rights to which people are entitled. In this regard, the Committee prepared an awareness campaign, whose first phase consisted of the distribution of brochures listing the conventions that the Territory adheres to and the specific rights of individuals. The Committee said it would also work with special groups, such as children and law enforcement officials, to ensure that they are aware of their own rights and the rights of others. The Executive Council approved the report and provided the Committee with an additional replenishment of $100,000, with the possibility for later funding if needed.[36]

75. In December 2000, the United Kingdom Privy Council amended the laws of all British Caribbean Overseas Territories to decriminalize private homosexual acts between consenting adults. The United Kingdom Government had obligations under European and United Nations conventions to ensure that certain basic human rights were respected in its Territories. The unilateral action was necessary after Governments of Overseas Territories had informed the United Kingdom that they would not introduce the necessary local legislation.[37]

76. In November 2000, the Government announced that it would introduce an anti-discrimination bill to the Legislative Council. The bill, a slight revision of a bill introduced in February 1999 and then withdrawn, would provide legal avenues for the redress of all forms of racial discrimination in the Territory and thereby assist in complying with its obligations under the International Convention on the Elimination of All Forms of Racial Discrimination.[38]

77. The Government also signed onto the "master plan of operations" of the United Nations Children's Fund (UNICEF) for child development and promotion. The plan details programmes based on priorities set by the Government in consultation with UNICEF. Signing it allows the Territory to be eligible for UNICEF funding and experts to improve the quality of health and education for children while protecting them from abuse and exploitation. The Chief Minister said that the first task of his Government would be to gather information and update a 1992 UNICEF study on the situation of children in the British Virgin Islands.[7]

G. Crime

78. The Royal Virgin Islands Police Force maintains three stations on Tortola and one each on Virgin Gorda, Anegada and Jost Van Dyke. The total size of the force is 156 officers. The level of violent crime is among the lowest in the region, although domestic violence reportedly remains a concern.

VI. Environment

79. Like many Caribbean Territories, the British Virgin Islands is hit by seasonal hurricanes. The Territory's Government undertakes several programmes to minimize the damage caused during hurricane season and maintains an Office of Disaster Preparedness and a National Emergency Operations Centre. In 2000, the Government spent $120,000 cleaning clogged drains ("ghuts") in the Territory; the heavy rains in hurricane season lead to flooding if the drains are clogged, as they often are by litter.

80. The island's development as a tourist destination also places strains on the environment. In August 2000, legislation was pending before the Legislative Council to require visiting boats to use holding tanks for sewerage on their vessels. The British Virgin Islands is a centre of the charter boat industry, and the dumping of sewage into territorial waters presents environmental dangers. According to the Marine Association of the British Virgin Islands, legislation will not solve the problem as there are insufficient sewage treatment facilities in the Territory to treat the waste.[39]

81. A three-year project, the Darwin Initiative Project, administered by the United Kingdom Department of Environment, Transport and the Regions, is currently under way on the island of Anegada to assist the British Virgin Islands meet its obligations under the Convention of Biological Diversity. The Caribbean islands bio-geographic region is considered to be the third most threatened region and Anegada has one of the best remaining examples of dry Caribbean forest. The project also aims to enhance the role of national parks as an educational resource. A £1.5 million fund has been set up by the United Kingdom Foreign and Commonwealth Office to help develop an environmental charter that will assist Overseas Territories to develop environmental policies that implement multilateral environmental agreements to which the United Kingdom is party.

VII. Relations with international organizations/arrangements

A. United Nations system

82. The Territory enjoys associate membership in the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory also receives some funds from the United Nations Development Programme (UNDP) in implementing its country cooperation framework.

B. Regional

83. The Territory is an associate member of the Caribbean Community (CARICOM), whose goal is to promote closer political and economic integration among Caribbean States, and OECS. Because of its relatively high level of economic development, the Territory is being pressured to become a full member and to open its labour market to OECS workers. It is a borrowing member of the Caribbean Development Bank (CDB). It is also a signatory to the Lomé Convention, which provides for some development assistance. The current convention, Lomé IV, runs until February 2000, after which the existing trade arrangements may be revised.

VIII. Future status of the Territory

A. Position of the territorial Government

84. According to information received from the administering Power, on 9 September 1998, the Government of the British Virgin Islands and the Government of the United Kingdom signed a "Memorandum of Cooperation and Partnership". In that document, the territorial Government stated its objective to be the achievement of economic independence; the administering Power stated that it shared that objective and that it remained committed to a policy of assisting its Overseas Territories to attain full independence when and if it was the clearly and constitutionally expressed wish of the people.

85. A 1994 report of the Constitutional Commissioners, a group of three experts set up in 1993 to review the British Virgin Islands Constitution, recommended with regard to independence that a committee be formed to study the costs, obligations and liabilities of independence and to publish its findings. The Committee was never formed. According to press reports, the Chief Minister said recently that the time for such a committee could be right, and independence could be triggered as the United

Kingdom began to apply the mandates of various international treaties on the Territory.[40]

B. Position of the administering Power

86. In addressing the Fourth Committee of the General Assembly on 26 September 2000, the representative of the United Kingdom said that over the past year further progress had been made towards the modernization and development of the relationship between the United Kingdom and its Overseas Territories. The inaugural meeting of the Overseas Territories Consultative Committee had taken place in 1999, and the second meeting was to be held in London on 3 and 4 October 2000. The meeting provided a forum for structured political dialogue and exchange of views between the elected representatives of the Overseas Territories and the United Kingdom Government concerning the management of public affairs and the future development of the Overseas Territories. The representative said that her Government provided support to Territories afflicted by disaster, and offered a wide range of development assistance to those Territories which needed it. At the same time, in the spirit of partnership, it continued to promote sustainable development under strategic country programmes. She said that for her Government the wishes of the peoples concerned, exercised in accordance with the Charter of the United Nations and other international treaties, were of paramount importance. The relationship continued to be based on the principles of self-determination, mutual obligations, freedom for the Territories to run their affairs to the greatest degree possible, and a firm commitment from the United Kingdom to help the Territories economically and to assist them in emergencies. She said her Government welcomed the efforts made by the Special Committee on decolonization to pursue informal dialogue with the administering Powers in order to ascertain the wishes of the peoples of the Territories with a view to the possible removal of those Territories from the Special Committee's list (see A/C.4/55/SR.4, paras. 1-4).

87. According to the Foreign and Commonwealth Office,[41] on 6 December 2000, Baroness Scotland, Under-Secretary of State for Foreign and Commonwealth Affairs, reaffirmed that the Government of the United Kingdom remained committed to introducing legislation as soon as possible to ensure that the United Kingdom's offer of citizenship, as outlined in the White Paper on the Overseas Territories (see A/AC.109/1999/1 and Corr. 1, annex), was delivered. She also said that her Government had initiated a consultation process with the Overseas Territories on issues relating to the legislation and its implementation. The process put her Government in a prime position to act as soon as the bill became law.

C. Consideration by the General Assembly

88. On 8 December 2000, the General Assembly adopted, without a vote, resolution 55/144 B, section IV of which concerns the British Virgin Islands.

Notes

[1] Information contained in the present working paper has been derived from published material and from material provided by the administering Power under Article 73*e* of the Charter of the United Nations.

[2] White Paper on the Overseas Territories, annex 1.

[3] *Europa World Yearbook 2000*, 41st. ed., "United Kingdom Overseas Territories: British Virgin Islands", vol. II.

[4] *The BVI Beacon*, 27 July 2000.

[5] Ibid., 20 July 2001.

[6] See CCPR/C/UKOT/99/5, annex B.

[7] *The BVI Beacon*, 2 November 2000.

[8] Ibid., 21 December 2000.

[9] Ibid., 18 January 2001.

[10] Ibid., 12 October 2000.

[11] *The Island Sun*, 8 July 2000.

[12] *The BVI Beacon*, 7 December 2000.

[13] Ibid., 8 February 2001.

[14] Ibid., 8 March 2001.

[15] Ibid., 7 September 2000.

[16] British Virgin Islands Financial Services Department, press release, 29 February 2000.

[17] Ibid., 5 January 2000.

[18] *Financial Times*, 25 June 2000.

[19] Ibid., 17 October 2000.

[20] Ibid., Country Briefing, 16 January 2001.

[21] Reuters, 3 March 2001.

[22] *The Island Sun*, 1 July 2000.

[23] *The BVI Beacon*, 26 October 2000.

[24] *The Island Sun*, 7 April 2001.

[25] Ibid., 20 April 2001.

[26] Ibid., 27 January 2001.

[27] *The BVI Beacon*, 19 October 2000.

[28] *The Island Sun*, 20 March 2001.

[29] *The BVI Beacon*, 5 April 2001.

[30] Ibid., 1 March 2001.

[31] Ibid., 29 March 2001.

[32] Ibid., 24 August 2000.

[33] *The Island Sun*, 3 June 2000.

[34] Foreign and Commonwealth Office, "Focus International", July 2000.

[35] *The BVI Beacon*, 22 March 2001.

[36] Ibid., 15 February 2001.

[37] *The Island Sun*, 21 December 2000.

[38] British Virgin Islands Government press release, 28 November 2000.

[39] *The BVI Beacon*, 31 August 2000.

[40] Ibid., 30 November 2000.

[41] www.fco.gov.uk/news.